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15	D/OLL				
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17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
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THE WHITE HOUSE

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February 18, 1984

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
Chairman, Joint Chiefs of Staff

SUBJECT: Economic Initiatives in Central America (U)

The memorandum attached at Tab A has been dispatched to the addressees as indicated. The memo is designed to ensure that we have full interagency cooperation as we proceed with the economic measures called for in NSDD-124. (S)

The memorandum to the other Departments and Agencies at Tab A is general in content and benign to preserve the security of this initiative. In accord with NSDD-124, proposals should be developed in the following specific areas: (C)

- Mexico: An immediate interagency study should be undertaken of ways in which we can supplement our diplomatic efforts with the Government of Mexico (GOM) in encouraging them to adopt a more constructive foreign policy as defined in NSDD-124. This study should bear in mind overall U.S. interests and relations with Mexico. Recommendations should be submitted for review by February 29, 1984. (S)
- Nicaragua: Recommendations are required on measures which will increase pressure on the Sandinistas to establish genuine democracy, reduce their military apparatus, cease the export of subversion, and remove Soviet Bloc and Cuban personnel from Nicaragua. In making these recommendations, due consideration should be given to the net economic impact on Nicaragua, to U.S. public affairs, and to Congressional concerns. An action plan on these sanctions should be provided for review by March 5, 1984. (S)

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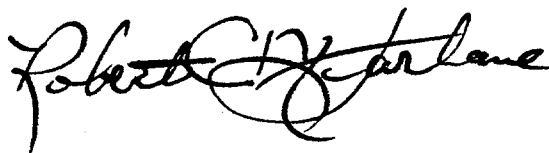
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- Economic Assistance to Friends in the Region: We should undertake an urgent review of measures to improve near term economic prospects for those most immediately threatened by Nicaragua: Honduras, Costa Rica, El Salvador, and Guatemala. Recommendations for an action plan for implementation should be submitted for review by March 14, 1984. (C)

The Secretary of State is requested to convene an interagency task force to prepare recommendations by the dates indicated above. By prior arrangement Assistant Secretary of State Motley will convene the body. Each of your organizations and the NSC should also be represented on this group. (C)

FOR THE PRESIDENT:



Robert C. McFarlane

Attachment

Tab A - Memorandum to the Departments and Agencies,
subject as above, dated February 18, 1984

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TAB

A

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THE WHITE HOUSE
WASHINGTON

February 18, 1984

MEMORANDUM FOR THE HONORABLE DONALD T. REGAN
The Secretary of Treasury

THE HONORABLE WILLIAM FRENCH SMITH
The Attorney General

THE HONORABLE JOHN R. BLOCK
The Secretary of Agriculture

THE HONORABLE MALCOLM BALDRIGE
The Secretary of Commerce

THE HONORABLE RAYMOND J. DONOVAN
The Secretary of Labor

THE HONORABLE ELIZABETH HANFORD DOLE
The Secretary of Transportation

THE HONORABLE DONALD PAUL HODEL
The Secretary of Energy

THE HONORABLE WILLIAM E. BROCK
The United States Trade Representative

MR. M. PETER MCPHERSON
The Director, International Development
Cooperation Agency

MR. CLINTON DAN MCKINNON
Chairman, Civil Aeronautics Board

MR. WILLIAM H. DRAPER
Chairman, Export-Import Bank of the United States

MR. ALAN GREEN, JR.
Chairman, Federal Maritime Commission

MR. PAUL A. VOLCKER
Chairman, Federal Reserve System

MR. CRAIG A. NALEN
President, Overseas Private Investment Corporation

SUBJECT: Economic Initiatives in Central America (U)

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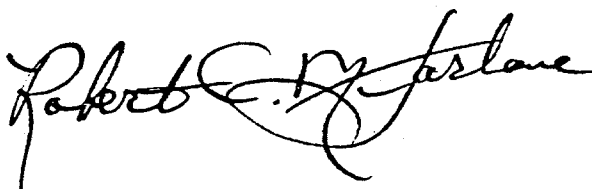
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The President has directed that the Secretary of State take the lead in an interagency effort to develop near and mid-range economic initiatives that will improve prospects for our policy in Central America. He has specifically called for devising measures which will enhance implementation of the recommendations made by the National Bipartisan Commission on Central America (NBCCA). Legislation to implement the recommendations of the NBCCA were forwarded to the Congress on February 17, 1984. (C)

The President has instructed the Secretary of State, in coordination with your agencies, to submit recommended actions for his decision. It is therefore requested that you designate a senior official to participate in this review and promptly inform the Secretary of State of your designee. The State Department official responsible for conveying this interagency effort is Langhorne A. Motley, Assistant Secretary of State for Latin American Affairs (632-9210, secure: 5210). (S)

Vital U.S. national security interests are at stake in this critical region. The NBCCA report clearly notes the urgency of the situation and recognizes the need for dealing with the Central America crisis before the Commission's longer term recommendations can be implemented. The President is determined that all possible measures should be taken to support U.S. policy objectives in that region. You are invited to participate personally in reviewing the actions within your areas of responsibility. Please note that during the development of these initiatives extremely sensitive information will be discussed. If divulged, this information could have adverse consequences for U.S. national security. All participants in this endeavor are requested to have Top Secret (SCI) clearances and to observe proper security safeguards in preparing the recommendations which the President has requested. (S)

FOR THE PRESIDENT:



Robert C. McFarlane

cc: Secretary of State
 Secretary of Defense
 Director, Office of Management and Budget
 Director of Central Intelligence

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